

Chapter 159B.

Joint Municipal Electric Power and Energy Act

Article 1.

Short Title, Legislative Findings and Definitions.

§ 159B-1. Short title.

This Chapter may be cited as the "Joint Municipal Electric Power and Energy Act." (1975, c. 186, s. 1.)

§ 159B-2. Legislative findings and purposes.

The General Assembly hereby finds and determines that:

A critical situation exists with respect to the present and future supply of electric power and energy in the State of North Carolina;

The public utilities operating in the State have sustained greatly increased capital and operating costs;

Such public utilities have found it necessary to postpone or curtail construction of planned generation and transmission facilities serving the consumers of electricity in the State, increasing the ultimate cost of such facilities to the public utilities, and that such postponements and curtailments will have an adverse effect on the provision of adequate and reliable electric service in the State;

The above conditions have occurred despite substantial increases in electric rates;

In the absence of further material increases in electric rates, additional postponements and curtailments in the construction of additional generation and transmission facilities may occur, thereby impairing those utilities' ability to continue to provide an adequate and reliable source of electric power and energy in the State;

Seventy-two municipalities in the State have for many years owned and operated systems for the distribution of electric power and energy to customers in their respective service areas and are empowered severally to engage in the generation and transmission of electric power and energy;

Such municipalities owning electric distribution systems have an obligation to provide their inhabitants and customers an adequate, reliable and economical source of electric power and energy in the future;

In order to achieve the economies and efficiencies made possible by the proper planning, financing, sizing and location of facilities for the generation and transmission of electric power and energy which are not practical for any municipality acting alone, and to insure an adequate, reliable and economical supply of electric power and energy to the people of the State, it is desirable for the State of North Carolina to authorize municipal electric systems to jointly plan, finance, develop, own and operate electric generation and transmission facilities appropriate to their needs in order to provide for their present and future power requirements for all uses without supplanting or displacing the service at retail of other electric suppliers operating in the State; and

The joint planning, financing, development, ownership and operation of electric generation and transmission facilities by municipalities which own electric distribution systems and the issuance of revenue bonds for such purposes as provided in this Chapter is for a public use and for public and municipal purposes and is a means of achieving economies, adequacy and reliability in the generation of electric power and energy and in the meeting of future needs of the State and its inhabitants.

Municipal electric systems that have jointly planned, developed, acquired, owned, and financed electric generation and transmission facilities through joint agencies in furtherance of the purposes of this Chapter also may benefit from obtaining their power and energy requirements from replacement resources, the disposition of facilities owned by joint agencies, and the issuance by joint agencies of bonds to refinance the outstanding debt incurred with respect to facilities to the extent outstanding debt cannot be completely defeased in connection with the disposition of the facilities, and it is desirable for the State of North Carolina to facilitate the foregoing. Refinancing debt, and financing any collateral posting requirements incident to replacement power and energy resources that may be acquired, by the issuance of revenue bonds secured by payments by municipal electric systems, is for a public use and for a public and municipal purpose and is an alternative means, together with the disposition of the jointly owned facilities and acquisition of replacement sources of power and energy, of achieving economies, adequacy and reliability of electric power and energy supply, and in meeting the future needs of the State and its inhabitants.

In addition to the authority granted municipalities to jointly plan, finance, develop, own and operate electric generation and transmission facilities by Article 2 of this Chapter and the other powers granted in said Article 2, and in addition and supplemental to powers otherwise conferred on municipalities by the laws of this State for interlocal cooperation, it is desirable for the State of North Carolina to authorize municipalities and joint agencies to form joint municipal assistance agencies which shall be empowered to provide aid and assistance to municipalities in the construction, ownership, maintenance, expansion and operation of their electric systems, and to empower joint agencies authorized herein to provide aid and assistance to municipalities or joint municipal assistance agencies in the development and implementation of integrated resource planning, including, but not limited to, the evaluation of resources, generating facilities, alternative energy resources, conservation and load management programs, transmission and distribution facilities, and purchase power options, and in the development, construction and operation of supply-side and demand-side resources, in addition to exercising such other powers as hereinafter provided to joint municipal assistance agencies and joint agencies. In order to provide maximum economies and efficiencies to municipalities and the consuming public in the generation and transmission of electric power and energy contemplated by Article 2 of this Chapter, it is also desirable that the joint municipal assistance agencies authorized herein be empowered to act as provided in Article 3 of this Chapter and that such agency or agencies be empowered to act for and on behalf of any one or more municipalities or joint agencies, as requested, with respect to the construction, ownership, maintenance, expansion and operation of their electric systems; and that the joint agencies authorized

herein be empowered to act as provided in Article 2 of this Chapter and that such joint agencies be empowered to act for and on behalf of any one or more municipalities or joint municipal assistance agencies, in each case as requested, with respect to the integrated resource planning and development, construction, and operation of supply-side and demand-side options described above. (1975, c. 186, s. 1; 1983, c. 609, s. 2; 1991 (Reg. Sess., 1992), c. 888, s. 1; 1995, c. 412, s. 1; 2015-3, s. 2.)

§ 159B-3. Definitions.

The following terms whenever used or referred to in this Chapter shall have the following respective meanings unless a different meaning clearly appears from the context:

- (1) "Bonds" shall mean revenue bonds, notes and other evidences of indebtedness of a joint agency or municipality issued under the provisions of this Chapter and shall include refunding bonds.
- (2) "Cost" or "cost of a project" shall mean, but shall not be limited to, the cost of acquisition, construction, reconstruction, improvement, enlargement, betterment or extension of any project, including the cost of studies, plans, specifications, surveys, and estimates of costs and revenues relating thereto; the cost of land, land rights, rights-of-way and easements, water rights, fees, permits, approvals, licenses, certificates, franchises, and the preparation of applications for and securing the same; administrative, legal, engineering and inspection expenses; financing fees, expenses and costs; working capital; initial fuel costs; interest on the bonds during the period of construction and for such reasonable period thereafter as may be determined by the issuing municipality or joint agency (provided that a period of three years shall be deemed to be reasonable for bonds issued to finance a generating unit expected to be operated to supply base load); establishment of reserves; and all other expenditures of the issuing municipality or joint agency incidental, necessary or convenient to the acquisition, construction, reconstruction, improvement, enlargement, betterment or extension of any project and the placing of the same in operation. The term shall also mean the capital cost of fuel for any project.
- (2a) "Electric system" shall mean any electric power generation, transmission or distribution system.
- (3) "Governing board" shall mean the legislative body, council, board of commissioners, board of trustees, or other body charged by law with governing the municipality, joint agency, or joint municipal assistance agency, including any executive committee created pursuant to G.S. 159B-10.
- (4) "Joint agency" shall mean a public body and body corporate and politic organized in accordance with the provisions of Article 2 of this Chapter.
- (4a) "Joint municipal assistance agency" shall mean a public body and body corporate and politic organized in accordance with the provisions of Article 3 of this Chapter.
- (5) "Municipality" shall mean a city, town or other unit of municipal government created under the laws of the State, or any board, agency, or commission thereof, owning a system or facilities for the generation, transmission or distribution of electric power and energy for public and private uses.

- (6) "Project" shall mean any system or facilities for the generation, transmission and transformation, or any of them, of electric power and energy by any means whatsoever including, but not limited to, any one or more electric generating units situated at a particular site, or any interest in the foregoing, whether an undivided interest as a tenant in common or otherwise. Project does not mean an administrative office building or office or facilities related to the administrative office building or office.
- (7) "State" shall mean the State of North Carolina. (1975, c. 186, s. 1; 1977, c. 708, s. 2; 1983, c. 609, ss. 3-6; 1985, c. 266, s. 1; 1989, c. 329; 1991, c. 513, s. 1; 1995, c. 412, s. 2.)